

Remarks to Joint Select Committee on Appropriations and Budget Reform
Congressman Tom McClintock
June 27, 2018

All spending originates in the House – in a very real sense the buck starts here. The government cannot spend a single dollar unless the House says it can spend that dollar.

The 1974 Budget Act gives the House a very powerful set of tools to control spending and balance the budget. For years on the House Budget Committee, I have heard four budget chairmen say that the budget is merely an “aspirational” document offering our “vision” of the direction the government should take.

That’s not true. The budget is an operational document – the single most important tool we have to control spending. The problem is that we don’t use it.

I’ve also heard incessantly that it’s the mandatory spending that’s to blame and that’s beyond our control.

That’s also not true. Mandatory spending is actually easier to control than discretionary spending, because the reconciliation bill that controls mandatory spending gets expedited consideration in the Senate – the appropriations bills do not.

The budget resolution sets limits on both the discretionary spending that is appropriated annually (about one fourth of the budget) and the mandatory spending that is set by statute (about three fourths of the budget), and give us the tools to enforce those limits. There are two reasons it doesn’t work and only one is fixable.

First, the discretionary limits are sent to the House appropriations committee, which it cannot exceed. The House routinely meets this responsibility. but the Senate’s dysfunctional cloture rule gives a minority the ability to block them. As the deadline approaches and the threat of a government shutdown looms, the appropriations bills are cast aside in favor of stop-gap measures that continue the spending trajectory without reform. That’s easy to fix. Give appropriations bills the same expedited consideration in the Senate that the reconciliation bill already has.

The bigger problem is on the mandatory side and process reform won't fix it.

The mandatory limits are supposed to be placed in reconciliation instructions that are sent to the House authorizing committees, which are then required to make conforming statutory changes. If the committees fail to act, the budget committee can do so directly. Either way, those statutory changes go into a single reconciliation bill that bypasses cloture.

But this powerful process is never used. Why? Because decisions on reforming mandatory spending, mainly entitlement programs, are the most difficult decisions in our fiscal policy. It's easier not to make them and blame the process.

Every year, the House Budget Committee produces a budget it claims will balance in ten years, and it lays out proposals on how to do it. But it never places those proposals in the reconciliation instructions that changes them from promise to action.

This year's budget is a case in point. It promises mandatory spending reforms to balance within ten years, but only places five percent of those reforms into reconciliation instructions that will actually change spending. In other words, we're five percent serious about balancing the budget and 95 percent un-serious.

If we were serious about the mandatory reforms, we would put them in the reconciliation instructions and force the statutory changes necessary to make them. We would also include discretionary limits that would begin the trajectory back to balance in this year's spending. We didn't.

With all due respect, that makes this committee's work largely a fool's errand. The principle problem with the budget process is that it requires very hard decisions. Changing the process isn't going to make these decisions any easier. Whatever the process, the decisions are going to get harder and harder every year that we don't make them.

Let me close with a warning. Countries that bankrupt themselves aren't around very long. Debt the size we're now carrying ends up either as a fiscal crisis (like those paralyzing Venezuela and our own Territory of Puerto Rico), or as an economic crisis as the central bank buys up debt at the expense of economic growth, (as we are seeing in Japan and Europe).

Over the past ten years, while population has increased 26 percent, our revenues have more than kept pace, growing 29 percent. But spending has grown 46 percent. In short, it is the spending, stupid. Our job is to control that spending. We have powerful tools to do so. We have not used them. “The fault, dear Brutus, is not in our stars, but in ourselves, that we are underlings.”